UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): November 30, 2021

OneWater Marine Inc.

(Exact name of registrant as specified in its charter)

Delaware	001-39213	83-4330138
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

6275 Lanier Islands Parkway Buford, Georgia	30518
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone Number, including Area Code: (678) 541-6300

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.01 per share	ONEW	The Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Introductory Note

As previously disclosed, OneWater Marine Inc. (the “Company”) entered into an Equity Purchase Agreement (the “Purchase Agreement”) with THMS Holdings, LLC, a Delaware limited liability company (“Seller”), THMS Inc., a Delaware corporation (“THMS Corp.”), and T-H Marine Supplies, LLC, a Delaware limited liability company (“T-H Marine,” and collectively with THMS Corp, the “Target Companies”), pursuant to which the Company agreed to acquire all the outstanding equity interests of the Target Companies (the “T-H Acquisition”).

This Amendment No. 1 to the Current Report on Form 8-K filed by the Company on December 2, 2021 (the “Initial Form 8-K”) amends the Initial Form 8-K to include the financial statements required by Item 9.01(a) and the pro forma financial information required by Item 9.01(b). Except as provided herein, the disclosures made in the Initial Form 8-K remain unchanged.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited consolidated balance sheet of T-H Marine Supplies, LLC and its subsidiaries as of December 31, 2020, the related consolidated statements of operations, equity and cash flows of T-H Marine Supplies, LLC and its subsidiaries for the year ended December 31, 2020, and the notes related thereto, together with the report thereon of Baker Tilly US, LLP included in the audited consolidated financial statements, are filed as Exhibit 99.1 hereto and are incorporated herein by reference.

The unaudited condensed consolidated balance sheet of T-H Marine Supplies, LLC and its subsidiaries as of September 30, 2021, the related condensed consolidated statements of operations, equity and cash flows for the nine-months ended September 30, 2021, and the notes related thereto are filed as Exhibit 99.2 hereto and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined statements of operations of OneWater Marine Inc. for the year ended September 30, 2021, the unaudited pro forma condensed combined balance sheet of OneWater Marine Inc. as of September 30, 2021, and the notes related thereto are filed as Exhibit 99.3 hereto and are incorporated herein by reference.

(d) Exhibits.

Exhibit Number	Description
23.1	Consent of Baker Tilly US, LLP.
99.1	Audited Condensed Consolidated Financial Statements of T-H Marine Supplies, LLC and its subsidiaries as of and for the year ended December 31, 2020.
99.2	Unaudited Condensed Consolidated Financial Statements of T-H Marine Supplies, LLC and its subsidiaries as of and for the nine months ended September 30, 2021.
99.3	Unaudited Pro Forma Condensed Combined Statements of Operations of OneWater Marine Inc. for the year ended September 30, 2020 and Unaudited Pro Forma Condensed Combined Balance Sheet of OneWater Marine Inc. as of September 30, 2021.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ONEWATER MARINE INC.

By:	/s/ Jack Ezzell
Name:	Jack Ezzell
Title:	Chief Financial Officer

Dated: February 18, 2022

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-259345) and Form S-8 (File No. 333-236362 and 333-255907) of OneWater Marine, Inc. (the “Company”) of our report dated April 28, 2021, except for the effects of the change in accounting principle as described in Note 2, Note 3, the Goodwill and Intangible Assets section of Note 4, and Note 7 to the consolidated financial statements as to which the date is February 17, 2022, relating to the consolidated financial statements of THMS Holdings, LLC as of and for the year ended December 31, 2020 filed with the Form 8-K/A report of the Company filed on February 18, 2022.

/s/ Baker Tilly US, LLP

Plano, TX
February 18, 2022

Exhibit 99.1

THMS HOLDINGS, LLC and SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
(WITH INDEPENDENT AUDITORS' REPORT)

DECEMBER 31, 2020 and 2019

THMS HOLDINGS, LLC and SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

To the Managing Member of
THMS Holdings, LLC and Subsidiaries:

We have audited the accompanying consolidated financial statements of THMS Holdings, LLC (a Delaware limited liability company) and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2020 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of THMS Holdings, LLC and Subsidiaries as of December 31, 2020, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Consolidated Financial Statements

The 2019 consolidated financial statements of THMS Holdings, LLC and Subsidiaries, were audited by other auditors whose report dated April 15, 2020 except for the effects of the change in accounting principle which are dated February 4, 2022, expressed an unmodified opinion on those statements.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the Company has recorded a change in accounting principle in relation to the Company's business combinations and related goodwill and intangible assets as the Company is now considered to be a public business entity based on Accounting Standards Update No. 2013-12. Our opinion is not modified with respect to that matter.

/s/ **Baker Tilly US, LLP**
Plano, Texas
April 28, 2021, except for the effects of the change in accounting principle as described in Note 2, Note 3, the Goodwill and Intangible Assets section of Note 4, and Note 7 to the consolidated financial statements as to which the date is February 17, 2022

THMS HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2020 and 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	$ 1,226,434	$ 252,039
Accounts receivable, net	7,737,716	4,242,946
Inventories, net	11,928,769	13,400,998
Note receivable	37,839	-
Prepaid expenses and other current assets	883,671	494,629
Total current assets	21,814,429	18,390,612
NON-CURRENT ASSETS		
Property and equipment, net	3,084,820	3,119,224
Intangibles, net	30,579,829	31,088,034
Goodwill	14,533,362	14,236,559
Other assets	509,244	43,211
Total non-current assets	48,707,256	48,487,028
TOTAL ASSETS	$ 70,521,685	$ 66,877,640

LIABILITIES AND MEMBERS' EQUITY

	2020	2019
CURRENT LIABILITIES		
Accounts payable and accrued liabilites	$ 4,902,698	$ 1,711,949
Line of credit	-	1,369,263
Current portion of long-term debt	1,891,406	1,513,125
Total current liabilities	6,794,104	4,594,337
NON-CURRENT LIABILITES		
Interest rate swap contract	442,365	243,935
Long-term debt, net of current portion	15,256,018	17,118,147
Subordinated notes payable	9,959,213	9,922,485
Total non-current liabilities	25,657,595.82	27,284,567
TOTAL LIABILITIES	32,451,700	31,878,904
MEMBERS' EQUITY		
Members' Interest	39,745,000	39,495,000
Accumulated deficit	(1,675,015)	(4,496,264)
Members' equity	38,069,985	34,998,736
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 70,521,685	$ 66,877,640

The accompanying notes are an integral part of these consolidated financial statements.

THMS HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Operations
Year Ended December 31, 2020 and Period
from April 30, 2019 (Inception) to December 31, 2019

	2020	2019
REVENUES, net	$ 69,072,709	$ 30,310,196
COST OF SALES (exclusive of depreciation shown separately below)	45,181,836	20,127,331
GROSS PROFIT	23,890,873	10,182,865
OPERATING EXPENSES		
Selling, general, and administrative	17,291,473	9,987,390
Depreciation	638,084	370,887
Business acquisition transaction costs	281,603	2,146,844
Total operating expenses	18,211,160	12,505,121
INCOME (LOSS) FROM OPERATIONS	5,679,714	(2,322,256)
OTHER INCOME (EXPENSES)		
Interest income	1,968	8,551
Interest expense	(2,860,433)	(2,182,559)
Total other expenses	(2,858,465)	(2,174,008)
NET INCOME (LOSS)	$ 2,821,249	$ (4,496,264)

The accompanying notes are an integral part of these consolidated financial statements.

THMS HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Changes in Members' Equity
Year Ended December 31, 2020 and Period
from April 30, 2019 (Inception) to December 31, 2019

	Members' Interest	Accumulated Deficit	Total Members' Equity
Balance at April 30, 2019	$ -	$ -	$ -
Contributions from members	39,495,000	-	39,495,000
Net loss	-	(4,496,264)	(4,496,264)
Balance at December 31, 2019	39,495,000	(4,496,264)	34,998,736
Class AA units rollover	250,000	-	250,000
Net income	-	2,821,249	2,821,249
Balance at December 31, 2020	$ 39,745,000	$ (1,675,015)	$ 38,069,985

The accompanying notes are an integral part of these consolidated financial statements.

THMS HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Year Ended December 31, 2020 and Period
from April 30, 2019 (Inception) to December 31, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 2,821,249	$ (4,496,264)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	638,084	370,887
Amortization of intangibles	2,568,205	1,611,966
Amortization of debt issuance cost	131,086	87,390
Change in fair value of interest rate swap contract	198,430	243,935
Bad debt expense	17,337	26,515
Changes in operating assets and liabilities:		
Accounts receivable	(3,512,107)	1,120,651
Inventories	1,670,839	900,919
Prepaid expenses and other current assets	(389,042)	(5,932)
Other assets	(503,872)	(40,600)
Accounts payable and accrued liabilites	3,190,749	(832,293)
Net cash provided by (used in) operating activities	6,830,957	(1,012,826)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(347,693)	(210,321)
Business acquisition, net of cash acquired	(2,561,400)	(67,855,444)
Net cash used in investing activities	(2,909,093)	(68,065,765)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit	-	1,669,263
Payments on line of credit	(1,369,263)	(300,000)
Borrowings on long-term debt	-	30,275,000
Payments on long-term debt	(1,578,206)	(1,134,844)
Loan issuance costs	-	(673,789)
Contributions from members	-	39,495,000
Net cash provided by (used in) financing activities	(2,947,469)	69,330,630
Net increase in cash and cash equivalents	974,395	252,039
Cash and cash equivalents at beginning of period	252,039	-
Cash and cash equivalents at end of period	$ 1,226,434	$ 252,039
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	$ 2,860,433	$ 2,095,169
NON-CASH INVESTING ACTIVITES		
Class AA units issued in acquistition (Note 2)	$ 250,000	$ -

The accompanying notes are an integral part of these consolidated financial statements.

THMS HOLDINGS, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

1. ORGANIZATION

THMS Holdings, LLC and Subsidiaries (collectively, the "Company"), is a Delaware limited liability company established on April 30, 2019. The Company is in the business of manufacturing, designing, assembling, packaging and shipping boating equipment and accessories. The Company sells to retail wholesalers in addition to operating a physical storefront. The Company also manufacturers metal and plastic moldings which are used in further production of marine supply equipment.

2. CHANGE IN ACCOUNTING PRINCIPLE

The Company has recorded a change in accounting principle as of and for the year ended December 31, 2020, as the Company now meets the definition of a public business entity based on Accounting Standards Update ("ASU") No. 2013-12 since the financial statements will be included in a 8-K filing of OneWater Marine, Inc. and therefore, must be prepared in accordance with Regulation S-X requirements. The consolidated financial statements have been updated to reverse prior elections to apply certain private company guidance related to business combinations and the separation of customer related intangibles and the amortization of goodwill. The consolidated statements of operations were also revised to separately state depreciation expense. The following summarizes the impact on the financial statement amounts.

The following illustrates the impact on the consolidated balance sheet:

	As of December 31, 2020		
	As previously reported	Adjustment	Restated
Goodwill	$ 32,592,761	$ (18,059,399)	$ 14,533,362
Intangible assets, net	9,191,111	21,388,718	30,579,829
Accumulated deficit	(5,004,334)	3,329,319	(1,675,015)
Members' equity	34,740,666	3,329,319	38,069,985

The following illustrates the impact on the consolidated statement of operations:

	For the Year Ended December 31, 2020		
	As previously reported	Adjustment	Restated
Selling, general, and administrative	$ 19,952,849	$ (2,661,376)	$ 17,291,473
Depreciation	-	638,084	638,084
Total operating expenses	20,234,452	(2,023,292)	18,211,160
Income from operations	3,656,422	2,023,292	5,679,714
Net income	797,957	2,023,292	2,821,249

The following illustrates the impact on the consolidated statement of changes in members' equity:

	For the Year Ended December 31, 2020		
	As previously reported	Adjustment	Restated
Net income	$ 797,957	$ 2,023,292	$ 2,821,249

THMS HOLDINGS, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

2. CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

The following illustrates the impact on the consolidated statement of cash flows:

	For the Year Ended December 31, 2020		
	As previously reported	Adjustment	Restated
Amortization of intangibles	$ 686,667	$ 1,881,538	$ 2,568,205
Amortization of goodwill	3,904,830	(3,904,830)	-
Net income	797,957	2,023,292	2,821,249

3. ACQUISITIONS

First Source Marine

Effective January 17, 2020, the Company purchased a majority of the assets of First Source Marine ("First Source"). The total purchase consideration was $2,811,400, and consisted of $2,561,400 of cash and $250,000 rollover equity of Class AA shares. In connection with the acquisition, the Company incurred $281,603 of acquisition costs that were expensed as incurred. These acquisition costs are included in the accompanying consolidated statement of operations for the year ended December 31, 2020.

The acquisition was accounted for using the acquisition method of accounting and, accordingly, the accompanying consolidated statement of operations for the year ended December 31, 2020 includes the results of operations of First Source beginning January 17, 2020. The acquisition of First Source was recorded by allocating the total purchase consideration to the fair value of the net assets acquired, including intangible assets. The purchase consideration exceeded the fair value of the assets resulting in goodwill of $296,803. The goodwill recorded as part of the acquisition primarily reflects the expectation of opportunities from the market that have potential for growth. The Company does expect to deduct goodwill for tax purposes in future years.

The purchase consideration for First Source was allocated to the net assets acquired as follows:

Assets:	
Inventory	$ 198,610
Property and equipment	255,987
Trademarks	800,000
Customer relations	1,260,000
Goodwill	296,803
Assets acquired	$ 2,811,400

3. ACQUISITION (CONTINUED)

T-H Marine Supplies

On April 30, 2019, the Company entered into an Asset Purchase and Contribution Agreement to acquire substantially all of the assets of T-H Marine Supplies, Inc. Total consideration was $68,618,631 paid with cash. The following table summarizes the allocation of the purchase price to the assets acquired and liabilities assumed based on their fair values. The excess of the purchase price over the fair value of assets acquired and liabilities assumed was recorded as goodwill. The goodwill recorded as part of the acquisition primarily reflects the expectation of opportunities from the market that have potential for growth. The Company does not expect to deduct goodwill for tax purposes in future years.

Assets:		
Cash	$	763,187
Accounts receivable		5,390,112
Inventory		14,301,917
Prepaids and other current assets		488,697
Property and equipment		3,279,790
Other assets		2,611
Trademark		9,500,000
Customer relations		23,200,000
Goodwill		14,236,559
Total assets acquired		71,162,873
Liabilities:		
Accounts payable		1,676,185
Accrued liabilities and other payables		868,057
Total liabilities assumed		2,544,242
Net assets acquired	$	68,618,631

The estimated fair value of accounts receivable approximates their contract value. The fair value of trademark was based on a relief from royalty method using a three-year average of non-licensed sales, a royalty rate of 2.5% and a discount rate of 16%. The fair value of the customer relations was based on a multi-period excess earnings method using projected discounted cash flows over a 20-year period, a discount rate of 17.6% and a net customer attrition rate of 5.0%

The Company incurred transaction related expenses of $2,146,844 that were expensed as incurred. These acquisition costs are included in the accompanying consolidated statement of operations for the period from April 30, 2019 (inception) to December 31, 2019.

Information needed to report pro-forma revenue and earnings of the combined entity as though the business combination occurred as of the beginning of the year is impracticable and is therefore not included.

THMS HOLDINGS, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of THMS Holdings, LLC and its wholly-owned subsidiary, T-H Marine Supplies, LLC, and its wholly-owned subsidiaries, Innovative Plastics, LLC, and CMC Marine, LLC. All intercompany transactions have been eliminated upon consolidation.

Basis of Presentation

These consolidated financial statements are presented on the accrual basis of accounting in accordance with U.S. GAAP.

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. The Company believes the estimates and assumptions utilized are reasonable; however, actual results could differ from these estimates.

Recent Account Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. The standard increases transparency and comparability among organizations by recognizing lease assets and lease liabilities in the consolidated balance sheets and disclosing key information about lease agreements. In June 2020, the FASB issued ASU 2020-05 delaying the effective date for Topic 842 to years beginning after December 15, 2021 and interim reporting periods beginning after December 15, 2022. The Company is currently evaluating the effect the provisions of this ASU will have on the consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment.* ASU No. 2017-04 simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. ASU No. 2017-04 (as amended) is effective for interim or annual goodwill impairment tests in fiscal years beginning after December 15, 2022. Early adoption is permitted for interim or annual impairment tests performed on testing dates after January 1, 2017. The Company is currently assessing the effect that ASU No. 2017-04 (as amended) will have on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Measurement of Credit Losses on Financial Instruments*, which requires measurement and recognition of expected credit losses for financial assets held. ASU 2016-13 is effective for the Company beginning January 1, 2023 and is required to be applied prospectively. The Company is currently assessing the effect that ASU 2016-13 will have on its consolidated financial statements.

Cash and Cash Equivalents

The Company considers all highly-liquid instruments with original maturities of three months or less to be cash equivalents. The Company maintains cash balances in bank accounts that may, at times, exceed federally insured limits. At December 31, 2020, the Company had approximately $1,082,000 of uninsured cash balances. There were no uninsured balances as of December 31, 2019. Management periodically assesses the financial condition of these institutions for the purpose of assessing credit risk. The Company has not experienced any losses and believes it is not exposed to any significant credit risk on cash and cash equivalents.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Company's accounts receivable is recorded when billed or accrued and is stated at the amount management expects to collect from outstanding balances. The Company performs credit evaluations of its customers' financial condition and generally does not require collateral from its customers. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability or unwillingness of its customers to make required payments, which is based on various factors, including accounts receivable aging, customer creditworthiness, type of customer and historical bad debts. These evaluations require significant judgment and additional allowances may be required if the financial condition of the customers deteriorates and results in their inability to make payments. Past-due receivable balances are written off when the Company's collection efforts have been unsuccessful in collecting the amount due. The allowance for doubtful accounts was $255,126 and $299,081 as of December 31, 2020 and 2019, respectively.

The Company records an allowance for doubtful accounts to cover both current and anticipated future losses. Uncollectible amounts are charged against the allowance account. For the year ended December 31, 2020 and the period from April 30, 2019 (inception) to December 31, 2019, the Company recognized bad debt expense of $17,337 and $26,515, respectively, on its accounts receivable arising from contracts with customers.

Inventories

The Company's inventories are stated at the lower of cost or net realizable value. Cost is determined on a standard cost basis using the first-in, first-out method. Net realizable value is calculated based on estimated selling price less costs of completion, disposal, and transportation. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method and accelerated methods over the estimated useful lives of the assets as follows:

Machinery and equipment	5-7 years
Vehicles	5 years

Leasehold improvements are amortized over the shorter of the lease term or the economic life of the asset. Major additions and improvements are capitalized, while replacements, maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired. Goodwill is accounted for in accordance with FASB Accounting Standards Codification ("ASC") Topic 350, *Intangibles-Goodwill and Other*. The Company does not amortize goodwill but tests for impairment on an annual basis and whenever events and circustances indicate that the carrying amount may not be recoverable. For the year ended December 31, 2020 and the period from April 30, 2019 (inception) to December 31, 2019, there was no impairment of goodwill.

Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with ASC Topic 360-10, *Impairment or Disposal of Long-lived Assets*. The Company determined that its intangible assets were not impaired as of December 31, 2020 and 2019.

THMS HOLDINGS, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

In accordance with ASC Topic 360-10, *Impairment or Disposal of Long-lived Assets*, the Company periodically reviews the carrying value of its long-lived assets, such as property and equipment and intangible assets, to test whether current events or circumstances indicate that such carrying value may not be recoverable. If the tests indicate that the carrying value of the asset is greater than the expected cash flows to be generated by such assets, then an impairment adjustment is recognized for the excess of the carrying value over fair value. There was no impairment of property and equipment during the year ended December 31, 2020 and the period from April 30, 2019 (inception) to December 31, 2019.

Fair Value of Financial Instruments

In accordance with the reporting requirements of ASC Topic 825-10-50, *Disclosures about Fair Value of Financial Instruments*, the Company calculates the fair value of its assets and liabilities which qualify as financial instruments under this statement and includes this additional information in the notes to consolidated financial statements when the fair value is different than the carrying value of those financial instruments. The estimated fair values of accounts receivable are based on management’s assessment of net realizable value. The estimated fair value of accounts payable approximates their carrying value due to the short maturity of these liabilities. The estimated fair value of the notes payable also approximates its carrying value because the terms are comparable to similar lending arrangements in the marketplace.

Debt Issuance Costs

Loan origination fees are deferred and amortized on a straight-line basis, which approximates the effective interest method, over the term of the loan and are reported as a direct reduction of the carrying amount of the related debt. Amortization of debt issuance costs is reported as a component of interest expense.

Revenue Recognition

The Company has analyzed the provisions of FASB ASC Topic 606, *Revenue from Contracts with Customers*, and has concluded that no changes are necessary to conform with the new standard. The Company's sales primarily contain only one delivery element. The Company records sales from its product when the control of these items is transferred to the customer, which is normally upon shipment. Revenue is recognized when orders leave the warehouse or its retail location. The Company's payment terms are typically 30 days. The Company recognizes revenue from its sales in the amount it expects to be entitled, net of rebates, allowances and returns.

Shipping and handling costs associated with outbound freight, after control over a product has transferred to a customer, are accounted for as a fulfillment cost and are included in cost of sales when the related revenue is recognized.

Sales taxes assessed by governmental authorities that are both imposed on and concurrent with a specific revenue producing transaction, and are collected by the Company from a customer, are excluded from revenues and cost of sales in the consolidated statement of operations.

THMS HOLDINGS, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising and other marketing costs are expensed when incurred and totaled $1,253,669 and $1,117,705 for the year ended December 31, 2020 and the period from April 30, 2019 (inception) to December 31, 2019, respectively. These costs are included in the consolidated statements of operations as selling, general, and administrative expenses.

Share-based Compensation

The Company recognizes share-based compensation expense by measuring the cost of services to be rendered based on the grant-date fair value of the equity award. For stock-based compensation for which restrictions lapse with the passage of time, compensation cost is recognized on a straight-line basis over the period between the issue date and the date that the restrictions lapse. Compensation expense is recognized for restricted shares with performance measures when the performance measure is probable of being achieved.

Income Taxes

As a limited liability company, the Company is not subject to federal or state income taxes. Instead, the members are liable for federal and state income taxes on the Company's taxable income. The Company accounts for interest and penalties relating to uncertain tax positions in the current statement operations within income taxes, if necessary. The Company has evaluated its tax positions and determined it has no uncertain income tax positions as of December 31, 2020.

Derivative and Hedging Activities

The Company uses derivative instruments (interest rate swap agreements) to manage its interest rate risk. They are not used for trading or speculative purposes. The interest rate swap is designed as cash flow hedges that is utilized to convert the variable interest rate on the Company's note payable to Cadence Bank to a fixed rate.

Fair Value of Financial Instruments

The Company values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in inactive markets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

THMS HOLDINGS, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments - continued

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

The interest rate swap derivative liability, a financial liability is carried at fair value at December 31, 2020 and is classified as Level 2 as described above.

The fair value of the interest rate swap is determined using observable market inputs such as current interest rates, and considers nonperformance risk of the Company and that of its counterparties.

5. INVENTORIES

Inventories consisted of the following at December 31:

	2020	2019
Raw materials	$ 7,309,809	$ 7,925,744
Work-in-process	533,384	245,503
Finished goods	4,085,576	5,229,751
Inventories, net	$ 11,928,769	$ 13,400,998

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2020	2019
Machinery and equipment	$ 3,798,366	$ 3,288,625
Vehicles	79,000	76,000
Leasehold improvements	216,425	125,486
	4,093,791	3,490,111
Less: accumulated depreciation	(1,008,971)	(370,887)
Property and equipment, net	$ 3,084,820	$ 3,119,224

Depreciation expense for the year ended December 31, 2020 and the period from April 30, 2019 (inception) to December 31, 2019, was $638,084 and $370,887, respectively. Depreciation expense is included in operating expenses in the accompanying consolidated statement of operations

7. GOODWILL AND INTANGIBLES

At December 31, 2020 customer relations and trademark consist of the following:

	Estimated Useful Life	Amount	Accumulated Amortization	Net Intangible Assets
Customer relations	13 years	$ 24,460,000	$ (3,071,282)	$ 21,388,718
Trademarks	15 years	10,300,000	(1,108,889)	9,191,111
		$ 34,760,000	$ (4,180,171)	$ 30,579,829

For the year ended December 31, 2020 and the period from April 30, 2019 (inception) to December 31, 2019, amortization expense of intangible assets was $2,568,205 and $1,611,966, respectively.

Future amortization expense of intangible assets as of December 31, 2020 is as follows:

2021	$ 2,568,205
2022	2,568,205
2023	2,568,205
2024	2,568,205
2025	2,568,205
Thereafter	17,738,804
	$ 30,579,829

8. NOTES PAYABLE

Credit Agreement

On April 30, 2019, the Company entered into a credit agreement with Cadence Bank (the "Credit Agreement"). The Credit Agreement includes a term loan of $20,175,000 (the "Term Loan") and a revolving credit facility with availability up to $6,000,000 (the "Revolving Credit Facility"). The Credit Agreement matures on April 30, 2024. The Company used the proceeds from the Term Loan and borrowings of $1,669,263 from the Revolving Credit Facility to fund a portion of the consideration paid for the business acquisition described in Note 2.

The Revolving Credit Facility includes a $2,000,000 letter of credit facility. The Company can borrow against the Revolving Credit Facility through April 30, 2024. There was $1,369,263 of borrowings against the Revolving Credit Facility at December 31, 2019. There were no borrowings under the Revolving Credit Facility at December 31, 2020.

The Term Loan is payable in quarterly principal installments of $378,281 through March 31, 2021 increasing to $504,375 through March 31, 2023 and $756,563 through March 31, 2024. The Company can make optional prepayments of principal at any time. The Company is required to make mandatory prepayments of principal in the event of certain transactions including raising proceeds from equity agreements. Further, the Company is required to make principal payments equal to 50% of excess cash flow, as defined, or 25% of excess cash flow in the event that the Company is not in default and the total leverage ratio, as defined, is less than 1.5 to 1.0.

8. NOTES PAYABLE (CONTINUED)

Credit Agreement - continued

The Credit Agreement bears interest, at the Company's option, at the lessor of the maximum rate or the applicable rate, as defined. In the event of a default, the applicable interest rate will be increased by 2.0%. The interest rate in effect at December 31, 2020 and 2019 was 4.00% and 2.38% per annum, respectively.

The Company incurred debt issuance costs of $471,789 associated with the Credit Agreement. The debt issuance costs are being amortized to interest expense over the term of the Credit Agreement. The Company recognized amortization expense of $94,357 and $62,905 for the year ended December 31, 2020 and the period from April 30, 2019 (inception) to December 31, 2019, respectively.

The Credit Agreement is subject to certain financial covenants of which the Company was in compliance at December 31, 2020 and 2019. The Credit Agreement is secured by substantially all of the Company's assets.

In May 2019, the Company entered into an interest rate swap contract relating to the interest payable on the Term Loan. The Company has elected not to designate the interest rate swap contract as a cash flow hedge and therefore, gains and losses on the contract as well as the other offsetting gains or losses on the hedge items attributable to the hedged risk are recognized in current earnings. The interest rate swap contract term is through April 2024 with the first repayment in May 2019, and descending balances following the amortization schedule of the Term Loan. Under the interest rate swap contract, the Company pays interest at fixed rates and receives interest at the one-month LIBOR. The swap is designed to hedge the risk of changes in interest payments on the Term Loan caused by changes in LIBOR.

ASC 815-10, *Derivatives and Hedging*, require derivative instruments to be measured at fair value and recorded on the balance sheet as either an asset or liability. As of December 31, 2020 and 2019 a liability of $442,365 and $243,935 was recorded, respectively. The change in the fair value of the interest rate swap contract is included in interest expense in the consolidated statement of operations for the year ended December 31, 2020 and period from April 30, 2019 (inception) to December 31, 2019.

The following summarizes the interest rate swap in effect at December 31, 2020:

	Interest rate				
	Paid	Received	Amount Outstanding	Fair value	Maturity date
Term loan	4.00%	LIBOR	$ 17,461,951	$ (442,365)	4/30/2024

Subordinated Debt

On April 30, 2019, the Company entered into a promissory note agreement in the amount of $2,600,000 with the principal Class A Unit holder and a related company and a promissory note agreement in the amount of $7,500,000 with a Class A Unit holder (the "Subordinated Debt"), the proceeds of which were used as a portion of the consideration paid for the business acquisition described in Note 2. The Subordinated Debt bears interest at 14% per annum, which is payable quarterly. The principal balance is due on October 30, 2024. The Subordinated Debt is subordinated to the Credit Agreement.

THMS HOLDINGS, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

8. NOTES PAYABLE (CONTINUED)

Subordinated Debt, continued

The Company incurred debt issuance costs of $202,000 associated with the Subordinated Debt. The debt issuance costs are being amortized to interest expense over the term of the Subordinated Debt. At December 31, 2020 and 2019, the Company recognized amortization expense of $36,728 and $24,485, respectively.

The Subordinated Debt is subject to certain covenants including, but not limited to, a fixed charge coverage ratio and a total leverage ratio of which the Company was in compliance with at December 31, 2020 and 2019. The Subordinated Debt is secured by substantially all of the Company's assets.

The following summarizes the carrying amounts of the Company's long term debt as of December 31, 2020:

	Current portion	Long-term portion	Debt issuance costs, net	Long-term portion, net	Total
Credit agreement	$ 1,891,406	$ 15,570,545	$ (314,527)	$ 15,256,018	$ 17,147,424
Subordinated debt	-	10,100,000	(140,787)	9,959,213	9,959,213
	$ 1,891,406	$ 25,670,545	$ (455,314)	$ 25,215,231	$ 27,106,637

Future maturities of long-term debt for the five years subsequent to December 31, 2020 are as follows:

2021	$ 1,891,406
2022	2,017,500
2023	2,774,063
2024	20,878,982
	$ 27,561,951

9. MEMBERS' EQUITY

The Company is governed by a Board of Mangers ("Board"), which is authorized to exercise all powers of the Company. The Company is authorized to issue Class A units, Class AA units, Class P-1 units and Class P-2 units. Net income or loss is allocated among the members in accordance with the operating agreement unless otherwise required under the Internal Revenue Code or the applicable Treasury Regulations.

The Class A units are entitled to a preferred return of 8% per annum which compounds annually on the sum of any unreturned capital plus any unpaid preferred return. The accumulated preferred return totaled $5,405,211 and $2,079,269 as of December 31, 2020 and 2019 respectively.

Outstanding and issued membership units as of December 31, 2020 follows:

Class A Units	39,450
Class AA Units	500
Class P-1 Units	832
Class P-2 Units	832

9. MEMBERS' EQUITY (CONTINUED)

On April 30, 2019, the Company adopted the THMS Holdings, LLC Profits Interest Plan. During 2019, the Company issued 832 Class P-1 profits units and 832 Class P-2 profits units to a member of management. On that date, the Class P-1 units vested immediately. The Class P-2 units vest upon continuing service through the date that the Class A unit holders receive accumulated distributions equal to 250% of their initial capital amounts. The value of the Class P Units granted in 2019 was not material.

10. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases its facilities under non-cancelable operating leases. All such leases have varying minimum terms, but all minimum terms expire by August 2025. For the year ended December 31, 2020 and the period from April 30, 2019 (inception) to December 31, 2019, lease expense under operating leases totaled $1,041,412 and $660,031, respectively.

Future minimum lease payments under non-cancelable operating leases as of December 31, 2020 were as follows:

2021	$	908,771
2022		882,639
2023		735,164
2024		297,332
2025		8,000
	$	2,831,906

Litigation

The Company is involved in various legal proceedings which arise from time to time in the normal course of business. While the ultimate results of such matters generally cannot be predicted with certainty, management does not expect any such matters to have a material adverse effect on the consolidated financial position and results of operations of the Company.

11. RETIREMENT PLAN

The Company has a 401(k) plan for substantially all employees who have been employed for greater than one year. Employees can make voluntary contributions up to federally designated limits. The Company matches up to 3% of eligible employee contributions. The Company's 401(k) expenses for the year ended December 31, 2020 and the period from April 30, 2019 (inception) to December 31, 2019 was $183,882 and $113,071, respectively.

12. RELATED PARTY

The Company has management services agreements with certain members that hold 80% of the Company's outstanding Class A membership units. Under these agreements, the members will provide management consulting services to the Company through the date that the members no longer have an equity ownership in the Company or through a date that the members and the Company agree to terminate the agreements. The Company pays an aggregate annual fee equal to the greater of $400,000 or approximately 4% of earnings before interest, taxes, depreciation and amortization, as defined. The Company is also charged for certain expenses. Total management fees for the year ended December 31, 2020 and the period from April 30, 2019 (inception) to December 31, 2019 were $359,307 and $200,410, respectively.

13. SUBSEQUENT EVENTS

In accordance with ASC Topic 855, *Subsequent Events*, the Company has evaluated events and transactions occurring after December 31, 2020, the consolidated balance sheet date, through April 28, 2021, the date the consolidated financial statements were available to be issued, and determined that there were no such events or transactions which would require recognition or disclosure in the accompanying consolidated financial statements other than that described below.

On January 28, 2021, the Company acquired BHP Marine for total estimated consideration of $583,990. BHP Marine has a proprietary product line and is an online retailer of marine anchoring and mooring products. The Company is in the process of accounting for this transaction.

Exhibit 99.2

THMS HOLDINGS, LLC and SUBSIDIARY

Condensed Consolidated Interim Balance Sheet

(Unaudited)

ASSETS

		September 30, 2021
CURRENT ASSETS		
Cash and cash equivalents	$	86,024
Accounts receivable, net		10,160,711
Inventories, net		17,602,871
Note receivable		-
Prepaid expenses and other current assets		2,282,180
Total current assets		30,131,786
NON-CURRENT ASSETS		
Property and equipment, net		4,014,433
Intangibles, net		38,076,983
Goodwill		17,797,419
Other assets		20,011
Total non-current assets		59,908,846
TOTAL ASSETS	$	90,040,632

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$	6,205,519
Line of credit		34,994
Current portion of long-term debt		3,173,122
Total current liabilities		9,413,635
NON-CURRENT LIABILITIES		
Interest rate swap contract		297,977
Long-term debt, net of current portion		28,256,313
Other long-term payable		200,000
Subordinated notes payable		9,986,758
Total non-current liabilities		38,741,048
TOTAL LIABILITIES		48,154,683
MEMBERS' EQUITY		
Members' Interest		39,745,000
Accumulated deficit		2,140,949
Members' equity		41,885,949
TOTAL LIABILITIES AND MEMBERS' EQUITY	$	90,040,632

The accompanying notes are an integral part of these consolidated financial statements.

THMS HOLDINGS, LLC and SUBSIDIARY
Condensed Consolidated Interim Statement of Operations
(Unaudited)

	Nine Months Ended September 30, 2021
REVENUES, net	$ 75,017,181
COST OF SALES (exclusive of depreciation shown separately below)	48,708,061
GROSS PROFIT	26,309,120
OPERATING EXPENSES	
Selling, general, and administrative	16,380,641
Depreciation	583,554
Amortization	1,982,846
Business acquisition transaction costs	-
Total operating expenses	18,947,041
INCOME (LOSS) FROM OPERATIONS	7,362,079
OTHER INCOME (EXPENSES)	
Interest income	-
Interest expense	(1,697,356)
Total other expenses	(1,697,356)
NET INCOME	$ 5,664,723

The accompanying notes are an integral part of these consolidated financial statements.

THMS HOLDINGS, LLC and SUBSIDIARY
Condensed Consolidated Interim Statements of Changes in Members' Equity
(Unaudited)

	Members' Interest	Accumulated Deficit	Total Members' Equity
Balance at December 31, 2020	$ 39,745,000	$ (1,675,016)	$ 38,069,984
Distributions	-	(1,848,758)	(1,848,758)
Net income	-	5,664,723	5,664,723
Balance at September 30, 2021	$ 39,745,000	$ 2,140,949	$ 41,885,949

The accompanying notes are an integral part of these consolidated financial statements.

THMS HOLDINGS, LLC and SUBSIDIARY
Condensed Consolidated Interim Statement of Cash Flows
(Unaudited)

		Nine Months Ended September 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$	5,664,723
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		583,554
Amortization of intangibles		1,982,846
Amortization of debt issuance costs		98,314
Change in fair value of interest rate swap contract		(144,388)
Changes in operating assets and liabilities:		
Accounts receivable		(1,353,672)
Inventories		(3,825,941)
Prepaid expenses and other current assets		(1,359,684)
Other assets		527,073
Accounts payable and accrued liabilites		1,227,468
Net cash provided by operating activities		3,400,293
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment		(1,437,666)
Business acquisition, net of cash acquired		(15,700,515)
Net cash used in investing activities		(17,138,181)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit		34,994
Payments on line of credit		-
Borrowings on long-term debt		16,000,000
Payments on long-term debt		(1,588,758)
Distributions to members		(1,848,758)
Net cash provided by financing activities		12,597,478
Net decrease in cash and cash equivalents		(1,140,410)
Cash and cash equivalents at beginning of period		1,226,434
Cash and cash equivalents at end of period	$	86,024

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION

THMS Holdings, LLC and Subsidiaries (collectively, the "Company"), is a Delaware limited liability company established on April 30, 2019. The Company is in the business of manufacturing, designing, assembling, packaging and shipping boating equipment and accessories. The Company sells to retail wholesalers in addition to operating a physical storefront. The Company also manufacturers metal and plastic moldings which are used in further production of marine supply equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statements as of and for the year ended December 31, 2020. These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements and notes thereto as of and for the year ended December 31, 2020.

Principles of Consolidation

The accompanying condensed consolidated interim financial statements include the accounts of THMS Holdings, LLC and its wholly-owned subsidiary, T-H Marine Supplies, LLC, and its wholly-owned subsidiaries, Innovative Plastics, LLC, and CMC Marine, LLC. All intercompany transactions have been eliminated upon consolidation.

Basis of Presentation

These condensed consolidated interim financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("GAAP").

Use of Estimates and Assumptions

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported revenues and expenses during the reporting period. The Company believes the estimates and assumptions utilized are reasonable; however, actual results could differ from these estimates.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. The standard increases transparency and comparability among organizations by recognizing lease assets and lease liabilities in the consolidated balance sheets and disclosing key information about lease agreements. In June 2020, the FASB issued ASU 2020-05 delaying the effective date for Topic 842 to years beginning after December 15, 2021 and interim reporting periods beginning after December 15, 2022. The Company is currently evaluating the effect the provisions of this ASU will have on the condensed consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment.* ASU No. 2017-04 simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. ASU No. 2017-04 (as amended) is effective for interim or annual goodwill impairment tests in fiscal years beginning after December 15, 2022. Early adoption is permitted for interim or annual impairment tests performed on testing dates after January 1, 2017. The Company is currently assessing the effect that ASU No. 2017-04 (as amended) will have on its condensed consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Measurement of Credit Losses on Financial Instruments*, which requires measurement and recognition of expected credit losses for financial assets held. ASU 2016-13 is effective for the Company beginning January 1, 2023 and is required to be applied prospectively. The Company is currently assessing the effect that ASU 2016-13 will have on its condensed consolidated financial statements.

3. ACQUISITIONS

Heartland Global Services, LLC

Effective August 31, 2021, the Company purchased a majority of the assets of Heartland Global Services, LLC ("Heartland"). The total purchase consideration was $11,277,746 paid with cash. In connection with the acquisition, the Company incurred $70,043 of acquisition costs that were expensed as incurred. These acquisition costs are included in the accompanying condensed consolidated interim statement of operations for the nine months ended September 30, 2021.

The acquisition was accounted for using the acquisition method of accounting and, accordingly, the accompanying condensed consolidated interim statement of operations for the nine months ended September 30, 2021 includes the results of operations of Heartland beginning September 1, 2021. The acquisition of Heartland was recorded by allocating the total purchase consideration to the fair value of the net assets acquired, including intangible assets. The purchase consideration exceeded the fair value of the assets resulting in goodwill of $1,665,800. The goodwill recorded as part of the acquisition primarily reflects the expectation of opportunities from the market that have potential for growth. The Company does expect to deduct goodwill for tax purposes in future years.

The purchase consideration for Heartland was allocated to the net assets acquired as follows:

Assets:	
Accounts receivable	$ 939,611
Inventory	1,646,281
Property and equipment	39,056
Other assets	19,200
Trademark	1,500,000
Customer relations	5,100,000
Noncompete	400,000
Goodwill	1,665,800
Total assets acquired	11,309,948
Liabilities:	
Accounts payable	32,202
Total liabilities assumed	32,202
Net assets acquired	$ 11,277,746

Gator Guards

On September 3, 2021, the Company entered into an Asset Purchase agreement to acquire substantially all of the assets of Gator Guards. Total consideration was $3,968,202 paid with cash. The following table summarizes the allocation of the purchase price to the assets acquired and liabilities assumed based on their fair values. The excess of the purchase price over the fair value of assets acquired and liabilities assumed was recorded as goodwill. The goodwill recorded as part of the acquisition primarily reflects the expectation of opportunities from the market that have potential for growth. The Company does not expect to deduct goodwill for tax purposes in future years.

Assets:		
Accounts receivable	$	129,714
Inventory		201,880
Property and equipment		51,500
Other assets		-
Trademark		400,000
Customer relations		1,690,000
Noncompete		390,000
Goodwill		1,148,257
Total assets acquired		4,011,351
Liabilities:		
Accounts payable		43,149
Total liabilities assumed		43,149
Net assets acquired	$	3,968,202

The Company incurred transaction related expenses of $73,224 that were expensed as incurred. These acquisition costs are included in the accompanying consolidated statement of operations for the nine month ended September 30, 2021.

4. NOTES PAYABLE

Credit Agreement

In August, 2021 the Company's credit agreement with Cadence Bank (the "Credit Agreement") was amend to extend a delayed draw term note to the Company with availability of $21,000,000. The Company drew down $15,800,000. Payment of all accrued and unpaid interest is due quarterly. Principal payments are due quarterly and are 2.5% of the outstanding principal until March,2023 and then 3.75% until maturity at which unpaid principal and interest is due.

5. SUBSEQUENT EVENTS

On October 20, 2021, the Company entered into a definitive agreement to be acquired by One Water Assets & Operations, LLC. The transaction closed on November 30, 2021.

Exhibit 99.3

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

On October 21, 2021, OneWater Marine Inc., a Delaware corporation and subsidiaries (the "Company" or "OneWater") entered into an Equity Purchase Agreement with THMS Holdings, LLC, a Delaware limited liability company and subsidiaries ("THMS"), pursuant to which the Company agreed to acquire all the outstanding equity interests of THMS. On November 30, 2021, the Company completed the acquisition of THMS for approximately $178.6 million in cash consideration and 133,531 shares of Class A common stock, par value $0.01 per share, of the Company, with a value of approximately $6.8 million. The aggregate consideration is subject to customary post-closing adjustments.

To finance the transaction, OneWater entered into the Second Amendment to its Term Loan Credit Agreement to, among other things, provide for an incremental term loan with an aggregate principal amount equal to $200 million, which will be added to, and constitute a part of, the existing $110.0 million term loan. The incremental term loan will increase the existing term loan and will be on the same terms applicable to the existing term loan under the Credit Agreement and the other loan documents.

The following unaudited pro forma combined statements as of and for the twelve months ended September 30, 2021 represents OneWater's fiscal year ended and THMS 12-months ended September 30, 2021. The unaudited pro forma combined financial information presents our results after giving effect to (i) the acquisition of THMS, (ii) the use of the estimated net proceeds to us from the Second Amendment to the Term Loan Facility, (iii) the adoption of ASC 842 recognizing right-of-use assets and lease liabilities for THMS and (iv) a provision for corporate income taxes on the income of THMS attributable to OneWater Inc. at a statutory rate of 24.0% for the period ended September 30, 2021, inclusive of all U.S. federal, state and local income taxes (collectively, the "pro forma adjustments"). Pro forma adjustments to the unaudited pro forma combined balance sheet give effect to the pro forma adjustments as if they had occurred on September 30, 2021. Pro forma adjustments to the unaudited pro forma combined statements of operations give effect to the pro forma adjustments as if they had occurred on October 1, 2020.

We have derived the unaudited pro forma combined financial information for the year ended September 30, 2021 from the audited historical financial statements of OneWater and the trailing twelve month ended September 30, 2021 unaudited historical financial statements of THMS which has a December 31 fiscal year end. The unaudited pro forma financial information should be read in conjunction with the historical financial statements which can be found in OneWater's Form 10-K for the fiscal year ended September 30, 2021, as filed with the Securities and Exchange Commission ("SEC") on December 17, 2021.

The pro forma adjustments are based on currently available information and certain estimates and assumptions. Therefore, the actual adjustments may differ from the pro forma adjustments. However, management believes that the assumptions provide a reasonable basis for presenting the significant effects of the transactions described herein and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma combined financial statements. The assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with these unaudited pro forma combined financial statements.

The unaudited pro forma combined financial information and related notes are presented for illustrative purposes only. The pro forma adjustments are based upon available information and methodologies that are factually supportable and directly related to the described transactions. The historical financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are related and/or directly attributable to the transactions, are factually supportable and, in the case of the statements of operations, are expected to have a continuing impact on our operating results. The unaudited pro forma combined financial information includes various estimates which are subject to material change and may not be indicative of what our operations or financial position would have been had the described transactions, taken place on the dates indicated, or that may be expected to occur in the future. In addition, future results may vary significantly from the results reflected in the unaudited pro forma combined financial statements and should not be relied on as an indication of our results after the consummation of this transactions. The pro forma financial information is qualified in its entirety by reference to, and should be read in conjunction with, "Basis of Presentation," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes which can be found in OneWater's Form 10-K for the fiscal year ended September 30, 2021, as filed with the SEC.

ONEWATER MARINE INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2021

Assets	**OneWater Marine Inc. Historical**	**T-H Marine Supplies LLC Historical**	**Pro Forma Adjustments**		**OneWater Marine Inc. Pro Forma as Adjusted**
Current Assets:					
Cash	$ 62,606	$ 87	$ 16,766	(1)	$ 79,459
Restricted cash	11,343	-	-		11,343
Accounts receivable, net	28,529	10,161	(1,206)	(1)	37,484
Inventories	143,880	17,603	2,253	(1)	163,736
Prepaid expenses and other current assets	34,580	2,282	(735)	(1)	36,127
Total current assets	280,938	30,133	17,078		328,149
Property and equipment, net	67,114	3,981	(85)	(1)	71,010
Operating lease right-of-use assets	89,141	-	6,100	(4)	95,241
Other Assets:					
Deposits	526	20	(20)		526
Deferred tax asset	29,110	-	-		29,110
Identifiable intangible assets	85,294	38,561	(38,561)	(1)	85,294
Goodwill	168,491	17,347	140,020	(1)	325,858
Total other assets	283,421	55,928	101,439		440,788
Total assets	$ 720,614	$ 90,042	$ 124,532		$ 935,188
Liabilities and Stockholders' Equity / Members' Equity					
Current Liabilities:					
Accounts payable	$ 18,114	$ 3,602	$ 676	(1)(3)	$ 22,392
Other payables and accrued expenses	27,665	2,252	1,754	(1)(2)	31,671
Customer deposits	46,610	352	42	(1)	47,004
Note payable - floor plan	114,234	-	-		114,234
Current portion of operating lease liabilities	9,159	-	841	(4)	10,000
Current portion of long-term debt	11,366	17,726	(17,726)	(1)	11,366
Current portion of tax receivable agreeement liability	482	-	-		482
Total current liabilities	227,630	23,932	(14,413)		237,149
Long-term Liabilities:					
Other long-term liabilities	14,991	298	(298)	(1)	14,991
Tax receivable agreement liability	39,622	-	-		39,622
Noncurrent operating lease liabilities	80,464	-	5,259	(4)	85,723
Long-term debt, net of current portion and unamortized debt issuance costs	103,074	23,925	171,575	(1)	298,574
Total Liabilities	465,781	48,155	162,123		676,059
Stockholders' Equity / Members Equity:					
Preferred stock, $0.01 par value, 1,000,000 shares authorized, none issued and outstanding as of September 30, 2021	-	-	-		-
Class A common stock, $0.01 par value, 40,000,000 shares authorized, 13,276,538 shares issued and outstanding as of September 30, 2021	133	-	1	(1)	134
Class B common stock, $0.01 par value, 10,000,000 shares authorized, 1,819,112 shares issued and outstanding as of September 30, 2021	18	-	-		18
Members' equity	-	41,887	(41,887)	(1)	-
Additional paid-in capital	150,825	-	6,833	(1)	157,658
Retained earnings	74,952	-	(2,538)	(1)(2)(3)	72,414
Total stockholders' equity attributable to OneWater Marine Inc.	225,928	41,887	(37,591)		230,224
Equity attributable to non-controlling interests	28,905	-	-		28,905
Total stockholders' equity / members equity	254,833	41,887	(37,591)		259,129
Total liabilities and stockholders' equity / members' equity	$ 720,614	$ 90,042	$ 124,532		$ 935,188

ONEWATER MARINE INC. AND SUBSIDIARIES
UNAUDITED PROFORMA COMBINED STATEMENTS OF OPERATIONS
($ in thousands except per share data)

	OneWater Marine Inc. for the year ended September 30, 2021	T-H Marine Supplies LLC for the 12 months ended September 30, 2021	Pro Forma Adjustments		OneWater Marine Inc. Pro Forma as Adjusted for the 12 months ended September 30, 2021
Revenues					
New Boat	872,680	-	-		872,680
Pre-owned boat	216,416	-	-		216,416
Finance & insurance income	42,668	-	-		42,668
Service, parts & other	96,442	93,376	-		189,818
Total revenues	1,228,206	93,376	-		1,321,582
Cost of sales (exclusive of depreciation and amortization shown seperately below)					
New Boat	661,764	-	-		661,764
Pre-owned boat	162,278	-	-		162,278
Service, parts & other	46,709	61,501	-		108,210
Total cost of sales	870,751	61,501	-		932,252
Selling, general and administrative expenses	199,049	19,325	-		218,374
Depreciation and amortization	5,411	3,367	-		8,778
Transaction costs	869	1,344	-		2,213
Change in fair value of contingent consideration	3,249	-	-		3,249
INCOME FROM OPERATIONS	148,877	7,839	-		156,716
Other expense (income)					
Interest expense - floor plan	2,566	-	-		2,566
Interest expense - other	4,344	2,275	3,725	(6)(7)	10,344
Other (income) expense, net	(248)	312	(378)	(5)	(314)
Total other expense (income), net	6,662	2,587	3,347		12,596
Income before income tax expense	142,215	5,252	(3,347)		144,120
Income tax expense	25,802	-	402	(9)	26,204
Net income	116,413	5,252	(3,749)		117,916
Less: Net income attributable to non-controlling interests of One Water Marine Holdings, LLC	37,354	-	230	(8)	37,584
Net income attributable to OneWater Marine Inc.	$ 79,059	$ 5,252	$ (3,979)		$ 80,332
Proforma weighted average shares of Class A common stock outstanding:					
Basic	11,087	-	134	(10)	11,221
Diluted	11,359	-	134	(10)	11,493
Proforma income per Class A common stock per share:					
Basic	$ 7.13				$ 7.16
Diluted	$ 6.96				$ 6.99

Notes to the Unaudited Pro Forma Combined Financial Information

NOTE 1 – Basis of presentation

The historical consolidated financial statements of OneWater have been adjusted in the pro forma combined financial statements to give effect to the acquisition of THMS, which was completed on November 30, 2021. Additionally, we have adjusted for pro forma events that are (1) directly attributable to the acquisition, (2) factually supportable and (3) with respect to the pro forma combined statements of operations, expected to have a continuing impact on the combined results following the acquisition.

The business combination was accounted for under the acquisition method of accounting in accordance with ASC Topic 805, Business Combinations. As the acquiror for accounting purposes, OneWater has estimated the fair value of THMS's assets acquired and liabilities assumed and conformed the accounting policies of THMS to its own accounting policies.

The pro forma combined financial statements do not necessarily reflect what the combined company's financial condition or results of operations would have been had the acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. The combined pro forma financial information does not reflect the realization of any expected cost savings or other synergies from the acquisition of THMS.

Note 2 – Preliminary purchase price allocation

OneWater has performed a preliminary analysis of the fair market value of THMS's assets and liabilities. The following table summarizes the preliminary allocation of the purchase price as of the acquisition date (in thousands):

Accounts receivable, net	$	8,955
Inventories		19,856
Prepaid expenses and other current assets		1,547
Property and equipment		3,896
Operating lease right-of-use assets		5,960
Goodwill		157,367
Accounts payable		3,876
Other payables and accrued expenses		1,870
Customer deposits		394
Operating lease liabilities		5,960
Total consideration	$	185,481

This preliminary purchase price allocation has been used to prepare pro forma adjustments in the pro forma balance sheet and income statement. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation used in the pro forma adjustments. The final allocation may include changes in fair values of assets and liabilities and changes in allocations to intangible assets such as trade names, customer relationships and goodwill.

Note 3 – Term loan facility

The Company completed the acquisition of THMS for approximately $178.6 million in cash consideration and 133,531 shares of Class A common stock, par value $0.01 per share, of the Company, with a value of approximately $6.8 million. The Company financed the cash consideration by expanding its Term Loan facility by $200 million, net of $4.5 million in debt issuance costs. The Company's variable interest rate on the Term Facility was 3.0% after the closing of the acquisition on November 30, 2021. As a result of the financing, the Company also increased its cash position by $16.9 million to be used for general corporate purposes.

Note 4 – Proforma adjustments to the Unaudited Pro Forma Combined Balance Sheet

1) Reflects the following adjustments related to OneWater's acquisition of THMS:
    a. Receipt of $195.5 million in proceeds, net of expenses for OneWater's expansion of its credit facility, with $178.6 million used to fund the acquisition and $16.9 million available for general corporate purposes.

b. To reflect the 133,531 shares of Class A common stock, par value $0.01 per share, of the Company, with a value of $6.8 million issued as part of the purchase price of THMS.

c. Adjustment to account balances to reflect the preliminary purchase price allocation which has been used to prepare the transaction accounting adjustments in the pro forma balance sheet and income statement. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation used in the transaction accounting adjustments.

2) To record $2.1 million in transaction costs related to OneWater's acquisition of THMS.

3) Following the acquisition, the earnings of THMS will be subject to U.S. federal income taxes, in addition to state and local taxes, which will result in higher income taxes than during THMS history as a limited liability company. As a result, the corresponding pro forma adjustment establishes an income tax payable related to their income for the 12 months ended September 30, 2021, reflecting the tax status of OneWater subsequent to the acquisition.

4) Reflects THMS adoption of ASC 842 which requires organizations to recognize right-of use assets and lease liabilities on the balance sheet and disclose key information about leasing arrangements.

Note 5 – Proforma adjustments to the Unaudited Pro Forma Combined Statements of Operations

5) Reflects the elimination of a management agreement THMS had with its private equity sponsor.

6) Reflects the elimination of the interest expense associated with debt on the balance sheet of THMS as of September 30, 2021, that was paid off in full as of the acquisition date.

7) Reflects the addition of the interest expense at the Company's current variable rate of 3% applied to the $200 million in incremental borrowings by OneWater to finance the acquisition.

8) To allocate a portion of THMS pretax income to the non-controlling interests of One Water Marine Holdings LLC, net of an allocation to the non-controlling interest for the prorated amount of pro forma entries #5 through #7.

9) Following the acquisition, the earnings of THMS will be subject to U.S. federal income taxes, in addition to state and local taxes, which will result in higher income taxes than during THMS history as a limited liability company. As a result, the corresponding pro forma adjustment establishes an income tax expense, reflecting the tax status of OneWater subsequent to the acquisition, related to their income for the 12 months ended September 30, 2021, and for the pro forma entries #5 through #8 noted above. The pro forma adjustment has been recorded at OneWater's current statutory rate of 24.0%.

10) To reflect the 133,531 shares of Class A common stock, par value $0.01 per share, of the Company, with a value of $6.8 million issued as part of the purchase price of THMS.